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ELECTRONIC FUNDS MANAGEMENT POLICY

RATIONALE

Electronic [internet] banking offers an online facility [via a website] which provides users with the ability to undertake various banking functions, such as checking account balances, transferring funds between accounts, direct debit, direct deposit, BPay payment/receipts and EFTPOS [Electronic Funds Transfer Point of Sale]

Banking products are also available for parents to make payments directly to the school.

The Electronic Funds Management Policy outlines decisions made by the Cranbourne West Primary School Council regarding the use of electronic funds, the scope of the implementation, internal controls required to be implemented, permissions and delegations, retention and storage of records etc.

This policy should be read in conjunction with the DET publication: Schools Electronic Funds Management Guidelines available on the DET Finance website and the Cranbourne West Primary School EFTPOS Policy.

<http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx>

GENERAL STATEMENT:

In order to minimise risks, schools are reminded of the compliance requirements set out in the Education Training and Reform Regulations 2007

Internal controls support the use of electronic funds will minimise the potential financial risk to the school and its available funds. The various internal controls that need to be considered include:

- Delegations – school council will annually review the current list of staff with authority to approve purchase orders, pay invoices, receive funds and extend this review to electronic procedures, including the upper dollar limit
- IT Security – access levels to propriety applications should be in line with approved delegations. All changes to financial delegations will be included in the school council minutes and filed appropriately with the minutes as a permanent record
- Proper authorisation and approval of both the initial setting up of account details and any subsequent transactions against the account[s]
- Completeness and accuracy of all details so they can be verified by a responsible officer
- Security and confidentiality of passwords and data at all times

- Documentation retained by the school confirming all transactions related to the account[s] such as purchase orders, tax invoices, payment vouchers, payroll listings, relevant CASES21 reports
- The appropriate segregation of duties to ensure and maintain the accuracy and legitimacy of accounts and transactions. By alternating sequential tasks, no one person has complete responsibility for an entire transaction, provided that some separation occurs between key activities. Functions that should be separated include authorisation, payment, custody and recording
- School council reporting and monitoring
- Bank imposed security measures

IMPLEMENTATION GUIDELINES:

Privacy:

The use of electronic payments and receipts will require schools to acquire and retain customer information. Schools must do so in accordance with Schedule 1 of the Victorian Information Privacy Act 2000.

Records Management and Archives:

Records of documenting the management of banking activities, including deposit records, bank statements, bank reconciliation statements, investment and dividend statements and records documenting the use of credit cards have a temporary disposal status as per 5.1.3 of the PROS 07/01 General Retention and Disposal Authority of Records of Common Administrative Functions: destroy seven years after the completion of the financial year in which the record was created. Further information regarding records is available at Archives and Records Management Advice for Schools

Storage and Disposal:

The secure storage and disposal of records documenting the use of credit cards should be considered in order to meet the requirements of both the Victorian Information Privacy Act 2000 and the Public Records Act 1973. These include blackening out credit card numbers except for the last four digits and ensuring documentation is filed in a secure location with restricted access

Records may only be destroyed in line with the Public Records Office guidelines by the following methods:

- Deletion of electronic records
- Shredding
- Pulping
- Burning
- Chemical recycling
- Dissolving in acid

Burying or dumping records are **NOT** approved methods of destruction

Electronic Payment of Accounts:

Electronic payments made be made via the following methods:

- Direct debit
- BPay
- Direct deposit

Direct Debit:

The direct debit facility effectively allows an external source eg. financial institution, supplier etc. to remove funds pertaining to a pre-arranged amount and date from the school's official bank account on a regular or ad hoc basis.

BPay:

BPay differs to direct debit in that the school has full control of the payment with regards to the payment date and amount of the expenditure. BPay is a secure electronic banking product on a supplier/creditor account with a unique biller code. With BPay transactions the standard controls related to creating an order, setting up the commitment and determining the date and amount for the transfer can be easily maintained by the school.

Direct Deposit:

Direct deposit via an internet banking facility provides schools with the freedom and flexibility to pay creditors by nominating their BSB and account number at the time of the transaction. Cranbourne West Primary School utilises a two user authorisation of payments banking package as it contains a greater degree of security and access controls.

An important feature of dedicated internet banking software, and in particular the ability to process creditor and related payments through Direct Debit/Credit is that the payment is directed to one creditor/payee only and the inclusion of detailed audit trails or transaction reports results in a high level of data security and validation

All payments made through the internet banking system must be authorised by two authorised officers.

The various internal controls that need to be considered include:

- The identification of personal with administrative/authorisation responsibilities [cannot be the Business Manager]
- The identification of payment authorisers [the Principal and other designated officer]
- The allocation and security of personal identification number[PIN] information or software authorisation tokens
- The setting up off payee details in CASES21
- The authorisation transfer of funds from the official account to payee accounts
- Alternative procedures for processing, using the direct deposit facility, for periods of Business Managers/ES and Principal leave or absence

BPay Receipts:

BPay is an electronic bill payment service providing families with the option of paying their school account at any time via internet banking. Internal control measures apply as stated in this policy and the DET publication Internal Controls for Victorian Government Schools

Third Party Revenue Collection:

Cranbourne West Primary School, from time to time, may engage a third party company or product to facilitate electronic payments by way of credit and debit card transactions through a secure internet payment gateway [ie Concert ticket purchases]

This form of revenue collection increases the options and convenience provided to parents/debtors, as well as improves security by reducing the amount of cash handled and kept on the school premises.

School Council should approve [in writing] the school's decision to utilise a third party following the consideration of the advantages, disadvantages and internal controls required to be implemented.

EVALUATION:

This policy is to be reviewed annually.

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